

EXECUTIVE SUMMARY

The Poverty Report:

***The Real Story of Poverty
in Macomb County***

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The Macomb County Community Services Agency (MCCSA) has focused its energy on gathering information on poverty in Macomb County. The results are found here in our new resource entitled, ***The Poverty Report: The Real Story of Poverty in Macomb County***. In this document, we answer important questions about poverty, including: What does it mean to be poor? Who is poor? How are the poor distributed in our county? How do our local wages measure up?

What Does It Mean to be Poor?

Poverty is usually described in terms of income. The U.S. Census Bureau poverty threshold defines poverty based on income and family size as noted:

Size of Family Unit	48 Contiguous States and D.C.	Alaska	Hawaii
1	\$9,310	\$11,630	\$10,700
2	12,490	15,610	14,360
3	15,670	19,590	18,020
4	18,850	23,570	21,680
5	22,030	27,550	25,340
6	25,210	31,530	29,000
7	28,390	35,510	32,660
8	31,570	39,490	36,320
For each additional person, add	3,180	3,980	3,660

A Basic Needs Budget calculates income necessary to meet the basic needs of:

✓Food ✓Housing ✓Health Care ✓Transportation ✓Child Care, etc.

A Basic Needs Budget is almost twice the poverty threshold for a married-couple family, and 2 ½ times for a single-parent family, and appears to be a more realistic calculation.

FACT: In 2000, about 21% of our local citizens lacked adequate income to make ends meet, but only 5.6% fell below the Census Bureau's definition of poverty.

Families with income between poverty and the Basic Needs Budget are nearly three times more likely to suffer a critical hardship such as:

- Missing meals for lack of food
- Eviction
- Postpone needed health care or surgery because it is unaffordable

AND are:

- Less likely to have health insurance
- More likely to miss a house or utility payment
- More likely to have children home alone without adult care

FACT: The average monthly costs of basic needs for families in Macomb County is approximately \$3,211.

Poverty can also be measured by “economic well-being”. The U.S. Census Bureau has been tracking five factors related to this approach since 1998 – 1) consumer goods ownership, 2) housing conditions, 3) neighborhood condition and community services, 4) meeting basic needs, 5) getting help when in need.

Who is poor?

A person’s *educational level, gender, race, age and marital status* all impact the likelihood of whether or not he or she will live in poverty.

You will see:

- More education leads to higher income
- There are significant differences by race in who attains higher education
- Because of these differences, the *likelihood* of minorities being in poverty increases

The report also shows:

- In spite of the differences, the percentage of minorities in poverty has dropped more rapidly over time than the poverty rates for whites.
- Single parent families are more likely to be poor than two parent families.
- Single parent mothers have more than twice the poverty rate of single parent fathers.
- Children are much more likely to be living in poverty than older persons.
- Children under age 6 are even more likely than all children to live in poverty – this is true nationwide and in Macomb County.
- The number and percentage of seniors living in poverty has dropped dramatically over the past 50 years.
- According to 1998 data, 44.5% of all retired Americans had a traditional pension. Nearly 20% of the workforce approaching retirement today is expected to retire in poverty.
- Today’s workers are likely to live longer and be retired longer than previous generations, and this age group is less prepared financially for retirement. This is true of all but the highest income groups, but is especially critical for low-income workers.
- Substance abuse and mental health problems can also lead to poverty.

The Poverty Report details statistics that show how these issues impact poverty and ultimately, who is poor as a result.

Macomb County's 1999 poverty rate of 5.6 percent ranked it 8th lowest among Michigan's 83 counties. A 2004 estimate from the American Community Survey indicates an increase in the rate to approximately 6.7 percent.

The highest concentration of poverty in **Macomb County** is within the City of Mount Clemens where 14.1 percent of the population was in poverty in 1999. The City of Center Line was second at 13.3 percent.

The City of Warren contained the largest share of the county's poor in 1999 – 23 percent, or 10,112 persons. It was followed by the City of Sterling Heights with 14.7 percent (6,480 persons).

How do our local wages measure up?

Because poverty is heavily determined by sheer income, it is important to note how much people are making.

In 2003:

- A family of three needed to earn at least an hourly wage of \$7.63, working 40 hours a week, 50 weeks a year, to move above the poverty level (a family of four would need \$9.20 per hour).
- Using the Basic Needs Budget of \$38,539 for a family of three, the hourly wage needed to support the Basic Needs Budget would be \$19.27 at full-time, full year work.

This report shows:

- ✓ Median income fell 2.8% in the Midwest between 2003 and 2004, the only region in the United States to have a statistically significant decrease.
- ✓ Poverty increased from 10.7 to 11.6 percent in the Midwest between 2003 and 2004, the only region in the United States to have a statistically significant increase.
- ✓ Income fell 4.1% in Michigan between 2003 and 2004, as measured by the Census Bureau. The 2004 median (half below, half above) household income in Michigan was \$44,476, which was essentially equivalent to the U.S. median income of \$44,473.
- ✓ Average wages in Macomb County are above the state average wage by about 11% and the national by about 16%.
- ✓ About a fourth of county residents (26.2 percent) require more than 35% of their monthly paycheck to cover the rent, while 15.0 percent need over half their paycheck. Most poor persons in Michigan and Macomb County rent rather than own their homes.
- ✓ The median monthly rent, according to the 2000 Census data is \$546 statewide and \$603 in Macomb County. This differential underscores why housing costs in Macomb represent a significant percentage of household income.

- ✓ Poor health can negatively affect a worker's earnings. Compared to the insured, uninsured persons have a higher relative risk of a major health decline. Being uninsured results in poorer health.
- ✓ Uninsured rates vary by age, but young adults, 18–24 years, have the highest uninsured rates in the United States – 31.4 percent, according to the 2005 Current Population Survey, conducted by the Census Bureau.
- ✓ **The majority (75%) of uninsured adults are employed.**
- ✓ Minorities are more likely to lack health insurance and at a disproportionate rate.
- ✓ Wages earned also determine whether or not a person can build a savings. The amount saved varies by household income, although significant checking/savings account balances are held by only the top 10% of income households.
- ✓ Owners are more likely to save than renters; and the greater the income the more likely a household is to have savings accounts.
- ✓ Reliable transportation is also dependent upon earnings. The low-income households served by MCCSA are much more likely not to have a vehicle than the general population.

The Poverty Report outlines the influence of wage on a family's basic needs - a home, health care, a car and even a future.

What is the public's perception of poverty?

A survey at the end of *The Poverty Report* reveals what people think about poverty in the United States.

- ✓ 55% believe it is a big problem in our country today.
- ✓ Almost a fourth of those surveyed define poor people as “homeless” and “not meeting basic needs.”
- ✓ The largest percentage of those surveyed believes there are 500,000 to 1,000,000 people in poverty in the U.S. The actual figure is between 21,000,000 and 50,000,000.
- ✓ Nearly 25% of those surveyed felt they might be poor at some point in their future.
- ✓ 70% of Americans believe the government has a responsibility to do away with poverty in this country.
- ✓ Suggestions on how to help the poor include 1) expand subsidized day care, 2) increase the minimum wage and 3) spend more for medical care for the poor.

Summary

There are many proven strategies to help people gain (or regain) a foothold and work themselves out of poverty, and Macomb County Community Services Agency (MCCSA) provides a variety of programs and tools to give local residents a helping hand. In addition to promoting self-sufficiency, however, MCCSA is embarking on a campaign to raise public awareness about poverty. This report is a compilation of key facts and statistics designed to do just that.